



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 22 2000

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM

SUBJECT: EPA Needs Better Integration of the National Environmental Performance Partnership System
Report No. 2000-M-000828-000011

TO: Nikki L. Tinsley
Inspector General

Thank you for the opportunity to expand the response to the Office of the Inspector General's (OIG) review of the National Environmental Performance Partnership System (NEPPS). You have requested information on actions planned, with specific milestone dates, to address the significant cultural change needed to implement NEPPS effectively. As indicated in the earlier response, planned activities are focused on building the institutional capacity and infrastructure in the Agency to do NEPPS work. I believe that this approach is critical to achieving the cultural change that is needed and appropriate for EPA and many of the States. The on-going and planned activities, of course, rely heavily on collaboration and consensus building both within the Agency and with the States. The Office of Congressional and Intergovernmental Relations (OCIR), which is the National Program Manager (NPM) for NEPPS, has prepared a workplan that describes activities and contains commitments with realistic time frames. Some of the time frames identified will be influenced by variables, such as changes in EPA and State leadership following the fall elections, and the willingness and ability of the States and the Environmental Council of the States to engage on these issues.

OCIR has developed a summary chart of on-going and planned activities supporting NEPPS. The information is organized in categories which address your concerns and should answer your questions. The categories are as follows:

IG Recommendations 1 and 3:

1. *Leadership*
2. *Vision and Goals*
3. *Evaluation*
4. *Integration of NEPPS into EPA Programs and Processes*

IG Recommendations 1, 3, and 5

5. *Foster Commitment at Mid-management/staff levels; Culture Change*

IG Recommendation 2

6. *Work with States*

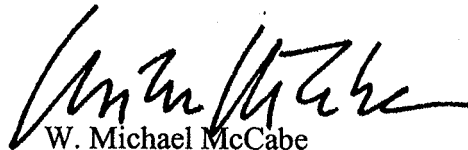
IG Recommendation 4

7. *Accountability of EPA Staff and managers for implementing NEPPS*

The Agency's planned and on-going activities represent a comprehensive approach to address points raised in the IG Report and other evaluations of NEPPS. The approach stresses the importance of engaging the Agency's leaders in the implementation of NEPPS through the Reinvention Action Council and quarterly Regional Administrator/Deputy Regional Administrator meetings. These meetings provide ideal forums for candid discussions of NEPPS activities and issues that ultimately will lead to better integration of NEPPS into the Agency's programs. In addition to these senior level discussions, OCIR is working hard to ensure that the principles of NEPPS are integrated into the Agency's planning, budgeting, and accountability processes. Not only is OCIR working closely with the Office of the Chief Financial Officer in strategic planning and implementation of the Government Performance and Results Act, they also are working closely with the program offices in the development of their program priorities and guidance to ensure NEPPS principles are integral to all.

As the NPM for NEPPS, OCIR must have adequate authority and resources to ensure their ability to meet expectations and be held accountable for NEPPS. My memorandum of March 17, 2000, *EPA's Commitment to the National Environmental Performance Partnership System (NEPPS)*, confers the necessary authority. OCIR has developed a budget request to support a number of key activities identified in its strategy and workplan which will need to be considered in the development of the Agency's FY 2001 Operating Plan. OCIR is requesting an additional 3 FTE and \$500,000 in extramural funds principally to leverage cost sharing arrangements between OCIR and other Offices to support work plan activities. For example, the last EPA/State agreement on core performance measures (CPMs) was jointly funded by OCIR and the program offices through an Office of Water contract; OCIR proposes a similar approach for the evaluation and the next phase of CPM work. The requested resources also would support OCIR's cooperative agreement with ECOS; EPA/State workshops and training with the Regions, and the development of guidance and other tools to improve the information readily available to EPA and State staff doing NEPPS work. All of these efforts ultimately should empower and enable both EPA and State staff in their everyday work.

The EPA/State partnership is stronger today because of NEPPS, and it can and will be stronger tomorrow with this focus. The strength of the partnership and the progress to date is based on the trust that has been built by collaboration. I believe that this approach is the right one. If you or your staff have any additional questions or concerns, please feel free to contact me or Diane Thompson (564-5200). And, thank you again for your support in this critical endeavor.



W. Michael McCabe
Deputy Administrator

Attachment

cc: Diane E. Thompson

**Response to 8/17/00 Request for Additional Information
in Response to OIG Report on NEPPS**

| Issue | Activity | Description | Milestones |
|----------------------|--|--|--------------------------------------|
| (1) Leadership | Establish effective leadership for NEPPS | Establish OCIR as NPM for NEPPS and define OCIR's roles and responsibilities as the NEPPS NPM. | NPM named; Finalize: 11/00 |
| | | Each Regional Administrator and National Program Manager (NPM) has named a senior level official as NEPPS Leader for their organization as well as designated mid level managers and senior staff contacts to support the NEPPS effort. | completed: 8/30/00 |
| | | Establish roles and responsibilities of the NEPPS Leaders. These NEPPS Leaders (and their designated mid level and senior staff) will be engaged most directly in promoting NEPPS principles and taking steps to further integrate NEPPS into the operations of their organizations -- including examining how current EPA staff roles and responsibilities may need to change as a result of the NEPPS partnership environment. | Complete by: 11/00 |
| | Work with Agency leaders to address policy issues and promote implementation of NEPPS principles | The quarterly meetings of both the Reinvention Action Council (RAC) and Regional Administrators (RAs)/Deputy Regional Administrators (DRAs) will be the primary mechanisms through which all EPA senior leaders will address NEPPS issues and further implementation activities, including Performance Partnership Grants (PPGs). For these leaders, OCIR will identify policy issues, prepare "white papers" for discussion, and propose strategies for NEPPS implementation. | Quarterly |
| (2) Vision and Goals | Establish vision and goals for NEPPS | The long-term overall vision and goals for NEPPS are established in the May 17, 1995 NEPPS agreement and other policies (e.g., core performance measures agreement, PPG rules). Deputy Administrator McCabe's memo reaffirmed EPA's commitment to NEPPS and defined EPA's vision for the upcoming year. | Completed: Agreement 5/95; memo 2/00 |
| | Set goals and objectives for NEPPS implementation | OCIR will begin work with the NEPPS Leaders (and their designated staff) to develop FY 2001 Annual Performance Goals (APGs) and Annual Performance Measures (APMs) for NEPPS implementation. | Final APGs: 10/00 |
| | | Evaluations have defined recommended actions for EPA and States to further NEPPS implementation. OCIR will develop a work plan that outlines strategies and steps to address these recommendations. | Work plan completed: 9/00 |

| Issue | Activity | Description | Milestones |
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| (3) Evaluation | Evaluate current Core Performance Measures (CPMs) | OCIR will develop a plan -- in consultation with the Regions, NPMs, OCFO, and OEI- for assessing implementation of the FY2000 CPMs in order to better understand: <ul style="list-style-type: none"> The extent to which they were included/not included in Performance Partnership Agreements (PPAs); Whether and how CPMs were actually used by States and Regions; Whether CPMs provide data and information that is meaningful for assessing program effectiveness and/or conditions in the environment; and Their usefulness in programmatic decision making. | Complete Plan: 4/01 |
| | | Based on the assessment above, OCIR will work with NPMs, OCFO, OEI, and ECOS in developing a process to identify and address the issues surrounding the improvement of the CPMs, including moving towards more outcome-oriented measures | Complete: 6/02 |
| | | Decide on the appropriateness of and need for a new agreement on core performance measures. | 9/01 |
| | Conduct joint evaluation of NEPPS with States | EPA and States agreed to implementing recommendations from the 1999 NEPPS EPA/ECOS National Workshop (11/99). The OCIR NEPPS work plan addresses workshop recommendations as well as recommendations from other evaluations (IG, GAO, NAPA). EPA will consult with States to determine the effectiveness of these activities and decide whether or not additional assessment of NEPPS implementation is needed. | Complete: 6/02 |
| 4) Integration of NEPPS into EPA programs and processes | Establish a foundation for NEPPS in EPA's Planning, Budgeting and Accountability processes, as well as in the NPM's annual/biennial program guidance to the Regions | The Agency's revised Strategic Plan is due to Congress on September 30, 2000. OCIR actively participated in OCFO's process to revise the Strategic Plan. <ul style="list-style-type: none"> OCFO aggressively engaged the States in the development of the Plan through ECOS' Strategic Planning Committee and Media Committees. Introduction to the Plan revised to highlight partnerships with the States ; Chapter 1 rewritten after discussion with the States at ECOS Annual Meeting. (OCFO&OCIR) OCIR has worked closely with Goal 7 Team in revising the goal's language, to ensure that NEPPS and State partnerships are appropriately covered. NEPPS is highlighted in Chapter 3; OCFO amended the Plan's introduction at OCIR's request to include State and Tribal partnership language. Measurement section of Chapter 4 amended to inc. NEPPS principles & CPMs. | Complete: 9/30/00 |
| | | In consultation with NEPPS Leaders (and their designated staff), OEI, and OCFO, OCIR will develop for discussion with the Agency's senior leadership a "white paper" on issues surrounding compilation and use of CPM data that became evident in doing the analysis described in (3) above. | Complete: 3/01 |
| | | After the Agency's senior leadership has agreed to a general approach, OCIR will work with OCFO (in consultation with NEPPS Leaders and ECOS as appropriate) on the operational processes needed to routinely include CPMs in EPA's Annual Performance Report. | Complete: 6/01 |
| | | OCIR will work with the NPMs to ensure that their annual/biennial guidance to the Regions reflects NEPPS principles. | Complete: 8/01 |

| Issue | Activity | Description | Milestones |
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| | Collect and consider State priorities in EPA's planning and budget activities. | OCIR collected a list of priorities from the States for FY 2002 and has shared them with the NPMs and Regions for consideration in making their internal budget decisions. | Completed: 9/00 |
| | | OCFO, in close coordination with OCIR, NEPPS Leaders, NPMs, and States, is developing a process to ensure routine, effective collection and consideration of State priorities in future planning and budget activities. | Complete Proposal: 2/01 |
| | | In addition to OCIR efforts to integrate NEPPS into EPA programs and processes, OCFO has established its own processes with ECOS to coordinate with the States on the Agency's FY 2002 Budget and potentially, the FY 2001 Agency Operating Plan. | ongoing |
| (5) Foster commitment at mid management/staff levels; culture change | Promote understanding and commitment to NEPPS principles at forums reaching all levels in EPA | Include discussions of NEPPS principles, issues, and best practices at forums reaching a wide range of EPA officials, such as meetings of EPA Division Directors and Branch Chiefs, and national meetings. OCIR will work through the NEPPS leaders to identify "inreach" opportunities. Prepare briefings, talking points, and other materials. | Materials by 2/01; efforts on-going |
| | Improve training and education of EPA officials at all levels regarding NEPPS principles and tools (PPAs, PPGs) and their implementation | Develop a NEPPS "primer" that explains principles and benefits of NEPPS (including PPGs), highlights progress and best practices, and describes future challenges; also develop an associated NEPPS website that contains more detailed information on best practices and success stories, "how to" examples, and other resources and tools. | Final: 12/00 Website launch: 2/01 |
| | Continue and improve communications with EPA and State officials on NEPPS policies, practices, and successes (including PPGs) | OCIR will make readily available and widely distribute NEPPS-related materials (e.g., policies, speeches, articles, Congressional testimony, examples of State partnership efforts). OCIR will encourage existing publications (e.g., ECOS States, EPA Innovations reports, NGA magazine) to publish stories and articles about NEPPS, PPGs, and EPA State partnerships. OCIR will seek opportunities to make presentations at meetings and conferences of EPA and State officials. | Materials: 11/00 |
| | | OCIR will work with ECOS staff and committees to enable better and routine communications with the States on all aspects of NEPPS. | Ongoing |
| | Incorporate training on PPGs and NEPPS principles into training for EPA grant Project Officers | OCIR will work with the OARM/Grants Administration to ensure that Project Officer training for EPA staff responsible for State grants includes a section on PPGs and NEPPS principles as reflected in the new Part 35 rule. | Complete: 3/01 |

| Issue | Activity | Description | Milestones |
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| (6) Work with States | Establish goals for the joint EPA/ECOS effort to address the next phase of implementation, including areas such as core performance measures, training, and evaluation | OCIR will work with the NEPPS Subcommittee of the ECOS Strategic Planning Committee to establish goals and objectives for the joint effort to improve and institutionalize NEPPS within EPA and the States . | 2/01 |
| | | OCIR will work with ECOS through OCIR's cooperative agreement to further implement and institutionalize NEPPS components into EPA and State operations. OCIR will also continue to make this funding mechanism available to other NPMs who want to engage the States in program activities consistent with NEPPS principles (e.g., current efforts by OAR/OW on mercury workshop, OCFO on strategic planning, OCR on environmental justice). | Ongoing |
| | | In addition to working with the ad hoc EPA/ECOS Joint Systems Evaluation Committee (<i>see (3) above</i>) , OCIR will attend and continue to ensure participation of program offices and NEPPS Leaders in Region/State meetings, other national meetings, and specific EPA/ECOS workshops to provide continuous evaluation of the integration effort. | Ongoing |
| (7) Accountability of EPA staff and managers for implementing NEPPS | Investigate incorporating NEPPS into the performance management system for senior managers | OCIR will work with Regional, program, and human resources staff to develop and circulate issue papers about the potential for incorporating NEPPS into the performance management system (e.g., performance standards) for senior Agency managers. | Issue Papers Complete: 6/01 |
| | Develop a strategy for clarifying roles and responsibilities of program managers and staff for implementing NEPPS principles. | OCIR will work with Regional, program, and human resources staff to develop and present to EPA senior leadership a proposed strategy for clarifying the roles and responsibilities of program managers and staff for implementing the next phase of NEPPS. | Strategy by: 6/01 |